

Is There a Need for More Base Realignments and Closures?

A
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Paper

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Imagine a multi-billion dollar corporation that manufactures and sells products in countries throughout the world. Recently this company has had to eliminate tens of thousands of jobs, equating to one-third of its total work force, due to decreasing worldwide demand for its products. If this were the case, would it make sense for this company to keep all of its factories and showrooms open and operating at reduced efficiencies, even with the large overhead and operating expenses involved? Of course not. The wisest business decision is to reduce infrastructure (i.e., factories and showrooms) to a level that will efficiently support projected sales. In this manner, the corporation could consolidate the remaining workers at the factories and showrooms that are still open. To remain competitive in the market, the corporation would also consider using some of the cost savings from those closings to modernize the infrastructure and invest in new, more desirable product lines for the future.

This strategy not only makes sense in business, it also makes sense in the Department of Defense (DoD). In the post-cold war era, the United States has reduced the size of its military force, and has also reduced the military infrastructure through several rounds of base closures and realignments. Although the number of installations closed has been significant, the country still has more military bases in operation than are needed to support our current force structure. The cost of operating these excess installations is enormous, and they remain open at the expense of reduced military readiness and force modernization. The US government must provide money for military readiness and modernization of military equipment by initiating another round of base closures to free up money that it would otherwise spend maintaining excess bases. The need for further base closures is supported by the following facts. First, the US military infrastructure in place today is larger than needed to support the current force structure. Second, the savings realized from previous base closures and realignments has been significant and provides evidence that even more savings could be realized from additional efforts at reducing unneeded infrastructure. Finally, the money saved

by closing these excess bases is necessary to address shortfalls in current readiness and equipment modernization.

Due to post-cold war drawdowns, the US military infrastructure in place today is still larger than needed to support our current force structure. Spurred by the collapse of the Soviet Union and the new world order, the US began a military force structure drawdown in 1988. This draw down was accompanied by a disproportionate infrastructure reduction that was the result of a series of four successive Base Realignment and Closure Commissions (BRAC) that recommended the closure of 352 major and minor military bases and installations and the realignment of 145 others (1:1). Although this reduction was significant, more needs to be done according to recent reports.

In a 1998 report to Congress, the DoD presented the results of an internal study indicating that by 2003, overall DoD excess military infrastructure will have increased by 23% compared to 1989 (4:13). A General Accounting Office (GAO) analysis of that study indicated that DoD had failed to take into account *the possibilities of joint cross-servicing and the potential impacts of management initiatives discussed in the Secretary's report on Defense Reform Initiatives or by the BRAC 1995 joint cross-service group report* (4:13). This GAO report stated that the consolidation, reorganization, and regionalization of activities identified in these two reports could further reduce the amount of required infrastructure, thus increasing the percentage of military facilities that could be considered excess by an even greater amount.

Specific examples of this excess infrastructure can be seen by looking at each of the individual services. The Navy, for example, has reduced the number of ships in its inventory by 46% since 1989, but the number of piers and support facilities for those ships has only decreased by 18%. In 1989 the Army had enough classroom space to support 350,000 soldiers. The expected student throughput for these facilities is expected to decrease by 43% by 2003, with a corresponding reduction in classroom space of only 7%. The Air Force, not to be left out, will reduce the number of small aircraft in its inventory by 53%, but will only experience a 35% reduction in ramp space for those aircraft (2:1). It is difficult to argue that more reductions in infrastructure are not needed when the Secretary of Defense, GAO, and the Services present numbers like these.

Some might argue that even though the United States has excess military infrastructure, closing more facilities may not be the right answer if the costs associated with closing these facilities is greater than the future savings. As many mutual fund managers say, past success is no guarantee of future performance, but in many cases it may be the best indicator. In that light, the savings realized from the first four BRAC rounds conducted between 1988 and 1995 has been significant, and provides evidence that even more savings could be realized from additional efforts at reducing unneeded infrastructure.

In order to determine the amount of savings produced by these four previous BRAC rounds, DoD accomplished a study in 1998. Based on the estimates from this study, the United States military will have saved more than \$25 billion by the year 2003, with recurring savings of \$5.6 billion every year after that (2:2). The savings realized in these estimates result from the avoidance of capital improvement costs for the closed bases and cessation of spending on base support programs and personnel. Looking to the future, the study also indicated that two more BRAC rounds this decade would save DoD more than \$20 billion more between 2008 and 2015, with an additional \$3 billion saved each year after 2015 (5:6).

The money saved by closing these excess bases is needed to address shortfalls in current readiness and equipment modernization. The balanced budget agreement basically ties DoDs hands in looking for increases in top line funding. With a flat budget, DoD must look to more base realignments and closures to produce savings that can be applied to readiness and modernization.

This readiness and modernization problem has been noted both within the executive branch and on Capitol Hill. While he was Secretary of Defense, William Cohen stated that the need for further savings from additional BRAC rounds was *clear and compelling*, in order to maintain readiness and modernize equipment (5:6). His message was supported by some on Capitol Hill. Senator John Warner of Virginia stated, *They've sucked the blood out of the operating funds for the services. If we don't get additional sources of revenue dedicated to defense, I don't know what we're going to do* (3:898). Senator Lieberman of Connecticut

stated that, *We can't do the things we need to do to modernize equipment purchases without resources, and everyone acknowledges these excess bases are a waste of resources* (3:899).

If additional BRAC rounds are not authorized it could cost the military dearly. The additional \$20 billion that DoD could realize by 2015 from two more rounds of base closures could go a long way toward modernization of the US military. With those funds the US could buy 450 Joint Strike Fighters for the Air Force, or two new aircraft carriers and 12 next generation warships for the Navy, or 650 Comanche helicopters and 800 Crusader artillery systems for the Army (2:2). In addition to modernization shortfalls, flat defense budgets combined with inability to realize savings from future base closures will mean reductions in readiness due to lack of sufficient funding for training and maintenance of equipment. As part of the shrinking percentage of military discretionary spending, these areas have already suffered, and will continue to suffer unless additional funding is made available.

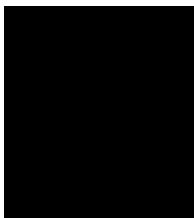
In conclusion, it is clear that the US government must provide money for military readiness and modernizing military equipment by initiating another round of base closures. The military infrastructure in place today is larger than needed to support our current force structure and is a drain on the defense budget. Based on the evidence of savings realized from previous base closures and realignments it is easy to see that even more savings could be realized from additional efforts at reducing unneeded infrastructure. We must close these excess bases so we can apply the savings to resolve shortfalls in current readiness and equipment modernization. In this age of increased dependence on the US military for world stability, the United States cannot afford to maintain unneeded infrastructure. As former Secretary of Defense Cohen has stated, *We know that closing bases is very hard, but the alternatives are far worse, and we know that BRAC is critical to the success of our defense strategy* (2:3).

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